





## Should you use your 2004 Earned Income to figure your 2005 Earned Income Tax Credit (EITC) and Additional Child Tax Credit (CTC)?

You need to figure the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit (CTC), separately, using both your 2004 and 2005 earned income amounts. When you finish, use the earned income amount that will give you the largest total credit.

### Start Here:

Compare your <b>2004 Earned Income</b> to your <b>2005 Earned Income</b>	What is your 2004 Earned Income?  \$ _____	What is your 2005 Earned Income?  \$ _____
<b>Is your 2004 Earned Income more than your 2005 Earned Income?</b>		
 <b>YES</b> - You may continue making calculations below.		
 If <b>NO</b> then <b>STOP</b> - You can not use your 2004 Earned Income to figure your 2005 EITC and CTC.		

**TIP:** Use the Tax Year 2005 EITC Assistant tool titled "How Much Is My Credit" to calculate your estimated 2005 EITC amounts using both your 2004 and 2005 earned income. Just go to <http://apps.irs.gov/app/eitc2005/>. The EITC Assistant, available in English and Spanish, will help you determine if you are eligible for the EITC. Then, use the chart below. It will show you which option is probably the best for you to use in preparing your tax return.

**Continue Here:**

<b>1</b>	<p>Figure your Earned Income Tax Credit for 2005 using both the 2004 Earned Income amount and the 2005 Earned Income Amount.</p> <p>Compute this amount using the TY2005 EITC Assistant noted above or see your tax return instructions.</p>	<p><b>1a.</b> What is your 2005 EITC using your 2004 Earned Income? (If you do not qualify for EITC, write 0.)</p> <p><b>1a. Amount</b> \$ _____</p>	<p><b>1b.</b> What is your 2005 EITC using your 2005 Earned Income? (If you do not qualify for EITC, write 0.)</p> <p><b>1b. Amount</b> \$ _____</p>
<b>2</b>	<p>Figure your Additional Child Tax Credit for 2005 using both the 2004 Earned Income amount and the 2005 Earned Income Amount.</p> <p>Compute this amount using Form 8812, Additional Child Tax Credit.</p>	<p><b>2a.</b> What is your 2005 Additional CTC using your 2004 Earned Income? (If you do not qualify for Additional CTC, write 0.)</p> <p><b>2a. Amount</b> \$ _____</p>	<p><b>2b.</b> What is your 2005 Additional CTC using your 2005 Earned Income? (If you do not qualify for Additional CTC, write 0.)</p> <p><b>2b. Amount</b> \$ _____</p>
<b>3</b>	<p>Add your EITC and Additional CTC using your 2004 Earned Income amount. Then add your EITC and Additional CTC using your 2005 Earned Income amount.</p>	<p><b>3a.</b> What is the total of your EITC and Additional CTC using your 2004 Earned Income? Add <b>1a</b> and <b>2a</b> and write the result here:</p> <p><b>3a. Amount</b> \$ _____</p>	<p><b>3b.</b> What is the total of your EITC and Additional CTC using your 2005 Earned Income? Add <b>1b</b> and <b>2b</b> and write the result here:</p> <p><b>3b. Amount</b> \$ _____</p>
<b>4</b>	<p>Determine which Earned Income amount to use when figuring your credits.</p>	<p>If <b>3a</b> is larger than <b>3b</b> use your 2004 earned income for figuring your 2005 EITC and Additional CTC.</p>	<p>If <b>3b</b> is larger than <b>3a</b> use your 2005 earned income for figuring your 2005 EITC and Additional CTC. Follow the instructions for Form 1040 which you can get at <a href="http://irs.gov">irs.gov</a>.</p>